

Sam proposed Foster.

- . . . 5. Your possibilities regarding the selection of people in the General Staffs of the armed forces.

In Sam Carr's dossier, Rogov who compiled it records that one of the tasks set to Carr was:—

4. Is there any possibility for you of developing our work in the Ministry of National Defense, in the Ministry for Air, in the Ministry of the Navy or else in their military staffs.

At the present time these fields are of great interest to us and we want you to put forth maximum efforts in this matter.

Carr's answer as recorded by Rogov is:—

Everything shall be clarified in July-August, for at the present time the staffs are being replaced by front line men.

On August 2nd, 1945, Zabotin telegraphed Moscow:—

2. Sam promised to give us several officers from the central administration of the active forces. At present it is pretty hard to do it, in view of the fact that ~~a re-shuffle of positions~~ a filling of positions in the staff with officers who have returned from overseas is taking place. *

To this *The Director* (Moscow) replied under date of August 14, 1945:—

2. We are definitely interested in obtaining people from the departments mentioned. Let Frank, after the staffs have been set up in final form, recommend one or two candidates for our study.

There is frequent reference in the various Russian documents to the importance attached to the recruiting of new agents throughout the war years, but these seem to have been particularly frequent during the course of 1945.

The evidence also discloses that secret members of the Communist Party played an important part in placing other secret Communists in various positions in the public service which could be strategic not only for espionage but for propaganda or other purposes.

* Faint type indicates words crossed out in original documents.

Supplementary Recruiting Methods Also Contemplated

While most of the "agents" were recruited from Communist "cells" after they had been thoroughly investigated and found sufficiently indoctrinated, other recruiting methods of a different nature were also employed by the Russians in *attempts* to extend the scope of their Fifth Column networks.

a) Social Contacts

For example certain Soviet officials endeavoured to exploit their social relationships and diplomatic contacts with persons in Canadian Government Service. One of the exhibits is a document typewritten in Russian, prepared in November, 1944, by Lieutenant-Colonel Motinov for submission to Colonel Zabotin and signed by the latter under his cover-name *Grant* with the note "*I confirm*". It is headed "*Questions requiring to be clarified through Lamont (Motinov) and Brent (Rogov) concerning Jack and Dick.*" It was prepared to answer certain questions put by Moscow, where there appeared to be some confusion as to the identities of "*Jack*", "*Dick*" and another person, who had been reported on by Zabotin. While this document refers only to two men it is an excellent example of the system employed in cases of men that it was hoped to recruit by this means. The Exhibit concludes as follows:—

Both the first as well as the second, work in responsible positions, consequently they gave their signatures not to divulge military secrets. Therefore the character of the work must be the usual one — a personal touch in conversations on various subjects, beginning with oneself, one's own biography, work and daily life, at times asking them, as if for comparison of this or that situation, etc.

The document contains also the details of the questions to be put and the lines of approach to be followed. It reads in part:—

1. FOR BOTH

1. To clarify basic service data:

- (a) Present position, where did he work previously;
- (b) Prospects of remaining in the service after the war and where;
- (c) From what year in the army, does he like the service;

(d) Relations with his immediate superiors.

2. To elucidate brief biographical data:

- (a) Age, parents, family conditions;
- (b) Education, principal pre-war specialty;
- (c) Party affiliation, attitude towards the politics of King;
- (d) Financial conditions, inclinations toward establishing material security for his family (intentions to engage in business, to own a car, a home of his own and what hinders the fulfilment of this plan.);
- (e) Attitude towards our country and her politics;
- (f) Wherein does he see the prosperity of Canada (in friendship with America or in retaining English influence);

3. Personal positive and negative sides.

- (a) Inclination to drink, good family man;
- (b) Lover of good times, inclination for solitude and quietness;
- (c) Influence of his wife on his actions, independence in making decisions;
- (d) Circle of acquaintances and brief character sketches of them.

4. Program for future (ideological or financial requires to be determined).

5. Particulars:

- 1. The first, a Frenchman and the whole family is French.
- 2. The second, an Englishman but his wife is a French woman. Their views on some matters are different, but he, knowing the strictness of the Catholic religion, endeavours not to offend his wife, in connection with which he occasionally refuses to discuss questions which concern his wife's religion.

One of the cover-names used in this document referred to a Colonel in the Canadian Army who had met Colonel Zabotin, Lieutenant-Colonel Rogov and Lieutenant-Colonel Motinov socially only. We should observe that the cover-name was used by the Russians for this man, without his

knowledge. Heard as a witness the Colonel dispersed any doubts or suspicions that may have existed and said:—

“They have misinterpreted our sincere endeavour, both my wife’s and mine, to make them feel at home in Canada, and to show them something of Canadian life; but I am cured.”

The other Canadian officer also appeared before us. His experience was much the same.

In telegrams we also find the name of Colonel Jenkins, the Director of Military Operations and Planning of the Canadian Army, who was responsible for the coordination of all army matters concerning foreign Military Attachés in Ottawa, and who was the channel between such Military Attachés or foreign officers and the National Defence Headquarters. His functions and duties are fully set out in Section VIII. It seems evident that when Colonel Zabotin transmitted to Moscow the official and authorized information which he had received in common with the other Military Attachés, he did not always mention that it came from an authorized source. He stated to Moscow in one of the telegrams he had never planned to “develop” Col. Jenkins as an agent, giving as his reason that he was a Reserve Officer and would soon retire.

It is not necessary to say that Colonel Jenkins is above all suspicion, and we mention his name only because it had appeared in the public press, having been interjected by the defence in the course of the trial of Mazerall. We cite these cases to illustrate the constant aim of Col. Zabotin and his associates to recruit new agents, and the improper use they attempted to make of their social and diplomatic relations.

b) Registration of Ukrainians and Poles

In addition to recruiting among secret adherents of the Canadian Communist movement, and the attempt outlined above to exploit certain social and diplomatic contacts, there was, Gouzenko testified, a plan to extend the fifth column base by an additional method. Gouzenko said:—

“Russians or Ukrainians who came from the territory which is now occupied by Russia—Ukrainia or Eastern Poland—are paid serious attention by the Soviet officials. These Soviet officials have taken a lesson from this war. They learned what the Germans did. They know that years ago the Germans established very close contact with every German resident in other countries. They organized their Consuls and Embassies and obtained the names of relatives

or relations of people who were living in other countries. They got in contact with all persons of German origin and if they considered it necessary they asked them to work in a general way. Sometimes they did not consider it necessary that they should work for them, but they just kept in touch with them.

In the same way Soviet officials are working with the Canadians of Russian and Ukrainian origin. They try to develop those people as a Communist-minded population. If they consider it is necessary to develop some of them, they can use the fear that their relatives will be persecuted in the home country. That is no joke. It is the real thing. They may say to a man, 'If you do not agree to work, your sister or brother may be liquidated'."

Gouzenko also said:—

"They would not use just one method; they use a combination of all methods. They are always saying never to put all your aspirations and hopes on one method. Combine methods. They say that life is very complicated, so use everything possible. They would combine this method of infiltration, outside help, sympathizers, and others."

We have no evidence to corroborate Gouzenko's testimony on this latter point regarding any intention to put pressure on Canadians of Ukrainian or Byelo-Russian origin. It has, however, been established that the Soviet Embassy, in the course of its consular activities in Canada, did in fact during the autumn of 1945 inform the Canadian Department of External Affairs that it was carrying out a registration of persons living in Canada who came originally from territories formerly Polish which have since the war been incorporated into the Ukrainian and White Russian Soviet Socialist Republics of the USSR. It has also been established that advertisements were inserted in certain Canadian newspapers, chiefly newspapers in the Russian or Ukrainian languages, stating that persons from these territories who had not acquired Canadian citizenship were *required* (sic) to register. Offices were opened temporarily for this purpose in various Canadian cities by the consular section of the Soviet Embassy. It has been established that it was Vitali Pavlov who made the necessary official communications to the Canadian Department of External Affairs.

While, therefore, we have no reason to believe that this policy of registration was motivated primarily by any improper objectives, it is possible that the N.K.V.D. network headed in Canada by Pavlov did intend to take advantage of this registration for the improper purposes alleged by

Gouzenko. Under the circumstances, we feel that it is our duty to include Gouzenko's testimony on this point in our Report.

Increase of Russian Staffs

It is obvious that there was intended to be a large-scale post-war expansion of the network of Canadians in the military espionage system. This would naturally require a corresponding expansion in the Russian staff. Gouzenko said that it was considered desirable to have a separate Russian contact-man to "handle" each Canadian agent who had been put in direct contact with the Soviet Embassy, and that Zabotin considered his staff "dangerously" small. Zabotin himself was strictly forbidden to do any contacting in person.

Gouzenko testified that Zabotin was so confident of the successful further development of his network of Canadian agents that he asked Moscow by telegram for a considerable increase in his staff of contact-men, suggesting that some could be given official positions in the Embassy proper, others in the Commercial Section and in the Press Section. Gouzenko also testified that *The Director* had sent a telegram to Zabotin in reply, which stated that his organization in Moscow was actively looking for additional men to send to Canada, and that it was proposed to increase the staff of the Military Attaché's Office by more than one hundred percent and to give him additional men who would be officially attached to other Sections of the Embassy. This proposed expansion, according to Gouzenko, explains the telegram No. 264 which Zabotin sent to Moscow on 25 August, 1945:—

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To the Director,

PF. KO, OS8. [The Economist] has arrived. In a conversation with him I learned that his staff will consist of 97 persons. A part of the persons selected by him will be trained in the centre, but the staff was not fully selected. Davy will remain in the apparatus of the Economist on the instructions of his boss. The establishment of the Economist will move to Montreal. In connection with the increase of our staffs it would not be bad to occupy the house of the Economist after their departure. The Economist promised to let me know in time. The boss of metro is also aspiring to occupy this house, although they have no particular need. Please support my proposal in the future, if it

is made by me to you or to the Chief Director in a telegram. The house of the Economist is almost twice as large as ours.

Grant

25.8.45

This telegram suggests that "a part" only of the 97 members of the staff to be officially attached to *The Economist* had been selected and would be trained in the *Centre*, that is, in the Military Intelligence Headquarters in Moscow. It states also that *The Economist's* organization was to be transferred to Montreal, and by inference shows that Zabotin expected a considerable increase in staff officially placed in the Military Attaché's Office in Ottawa, in addition to the espionage contact-men to be disguised as Soviet Trade Representatives.

RF 50,058.

The Economist is the cover-name used by the military espionage organization for [Krotov], the Commercial Counsellor of the Soviet Embassy. He had himself worked for this espionage organization, but had discontinued active operations of this type. One of the documents, listing a group of Canadian agents and Russian contact-men, contains the entry:—

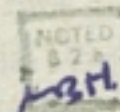
Economist has not been working since the month of October.

The Soviet Embassy addressed a number of enquiries, oral and written, to the Canadian Department of External Affairs, during the period from the latter part of August, 1945, to the end of November, 1945, as to the possibility of securing official permission from the Canadian Government for establishing a large Soviet trade mission "in Montreal or Toronto". Diplomatic immunities were sought for this commercial mission.

Evidently the Soviet espionage leaders planned to use this proposed Trade Mission to cover a number of additional espionage contacting agents.

SECTION II. 6

MOTIVATION OF AGENTS



Perhaps the most startling single aspect of the entire Fifth Column network is the uncanny success with which the Soviet agents were able to find Canadians who were willing to betray their country and to supply to agents of a foreign power secret information to which they had access in the course of their work, despite oaths of allegiance, of office, and of secrecy which they had taken.

Many of the Canadian public servants implicated in this espionage network were persons with an unusually high degree of education, and many were well regarded by those who worked with them in agencies and departments of the public service, as persons of marked ability and intelligence.

E.g.

Raymond Boyer, Ph.D., a member of the staff of McGill University and a valued senior worker with the National Research Council, is a highly respected scientist with an international reputation in chemistry. He is a man of very substantial independent means.

Eric Adams, a graduate of McGill University in engineering who obtained the degree of Master of Business Administration with high distinction from Harvard University in 1931, occupied an important position in the Industrial Development Bank, and had previously held responsible positions with the Wartime Requirements Board, the Foreign Exchange Control Board, and The Bank of Canada in Ottawa, where his ability was highly regarded.

Israel Halperin was a Professor of Mathematics at Queens University, Kingston, Ontario, and a major in the Directorate of Artillery engaged on important phases of research.

Durnford Smith and *Edward Wilfred Mazerall* were graduates of McGill and the University of New Brunswick, respectively, and their ability was highly regarded by their superiors in the National Research Council of Canada.

David Gordon Lunan, loaned by the army to the Wartime Information Board and later to the Canadian Information Services, was Editor of the periodical "*Canadian Affairs*" and a responsible official of the "Information to Armed Forces" section of the Canadian Information Services.

David Shugar, who held a Ph.D. degree in Physics from McGill University, had been employed by Research Enterprises Ltd., Toronto, a Crown Company engaged in producing Radar and other scientific equipment, and was later an officer in the Canadian Navy in the Directorate of Electrical Supply.

J. S. Benning held responsible administrative positions in the Department of Munitions and Supply and subsequently in the Department of Reconstruction.

Harold Gerson held responsible administrative positions in Allied War Supplies, Ltd., in the Department of Munitions and Supply, and the War Assets Corporation.

F. W. Poland was an officer in the Directorate of Intelligence of the R.C.A.F. and later Executive Secretary of the Interdepartmental Committee on Psychological Warfare.

Kathleen Mary Willsher was a graduate of the London School of Economics, of London, England, who for many years had held a position of confidence in the Office of the High Commissioner of the United Kingdom at Ottawa.

Matt Nightingale was a Squadron Leader in the R.C.A.F. He had attended Military School in Mobile, Alabama, and was a graduate of McGill University, Montreal.

Agatha Chapman is a graduate of the University of British Columbia, whose M.A. degree she also holds, and was employed in the Research Division of the Bank of Canada.

The motivation which led persons such as these to take part in an espionage conspiracy directed against Canada by agents of a foreign power is significant and seems to us to be of great importance.

a) Money Payments to Agents

There is no evidence that monetary incentive played an important part in the *original* motivation of those persons whose ideology was sympathetic to the Communist cause, who agreed to act as espionage agents.

On the contrary the evidence is overwhelming both from the documents and from the testimony of several such agents themselves—e.g. Lunan, Mazerall, Willsher, Boyer, Gerson—that their original motivation was a product of their political ideology and of the psychological conditioning received in the study-groups.

However, money was in due course paid out by the members of the Soviet Embassy who directed the espionage network to Canadian agents, and it did play a part in the development of the conspiracy.

On August 29th, 1945, a telegram was sent by Zabotin, under his cover name of *Grant* to Moscow, reading as follows:—

To the Director, to No. 12293.

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1. The ambassador has agreed to help us by transfer ~~of a part~~ giving us an amount of money from the embassy and he proposed that the money be sent back in small sums addressed to the Embassy to his address at the Embassy and to the address of the Commercial Counsellor. Small amounts might also be added to the entertainment expenses. If the opportunity arises, a part of the amount may be sent by diplomatic mail. Perhaps there is a connection with *
2. As it is known to you, in the last two months we had to make heavy expenditure and therefore there will be nothing left in the cash box by August 1. For the diplomatic mail alone (July, August) it is necessary to pay \$2500.00. I therefore beg you to send urgently operational sums of money. *

29.8.45.

Grant.

Such evidence as we have been able to obtain suggests that money payments were gradually broached to Canadian espionage agents. In other words a financial incentive was only gradually introduced for such agents to supplement and perhaps eventually supplant the original motivation supplied by the psychological development courses provided in Communist "cells".

Care was taken by the espionage recruiting agent not to mention the possibility of monetary rewards at the time when the first assignment or request was put to the selected recruit, e.g. money was not mentioned at first to Lunan by either Fred Rose or in the first letter of instructions given him by *Jan* (Lt. Col. Rogov); nor by Lunan at this stage to Mazerall, Halperin or Durnford Smith. Nor, according to their evidence before us, was money mentioned at this stage to Miss Willsher by Fred Rose or Eric Adams, or by Sokolov to Miss Woikin.

* Faint type indicates words crossed out in original documents.

It appears that the senior members of the network felt, probably rightly, that mention of money at this stage would act as a deterrent rather than as an inducement to secret Communists facing consciously for the first time the critical issue of invitation or initiation into what was obviously an illegal conspiracy directed against Canada. Better results were presumably expected at this stage when the potential new agent should regard the matter solely as an ideological assignment.

This tactful technique clearly produced results which would not otherwise have been obtained, e.g. Mazerall, when asked whether Lunan had ever offered him money, stated:—

A. I am positive, knowing myself, that the slightest suggestion of it would have discouraged it as far as I was concerned entirely.

Q. What do you mean by saying that if you had been offered money you would not be here?

A. I would not have accepted money. If it had been offered to me I would have said no, at the moment, and I know I would have told him to get out of the car, and I would have driven away.

However, it has clearly been the established practice for the Russians directing the network in Canada to press relatively small sums of money, ranging from twenty-five to perhaps two hundred dollars, upon Canadian Communists once they had well begun their career as espionage agents for the Soviet Union. Sometimes they began with a mere offer of "expenses", e.g. an entry in Col. Rogov's dossier on Lunan, recording a list of relatively early matters to discuss with Lunan under the heading "*Organizational Assignments for 'Research' Group*", reads in part, in translation:—

4. In view of the fact, that Bagley, Badeau live far from the city, we will be giving them money for taxis, whenever this will be necessary for them. Warn them that they must not come up in the taxi to the place where they have to meet you.

Captain Lunan stated in evidence before us when asked about this entry:—

A. Jan was always bringing up the question of expenses and he did mention this question of taxi rides, but it was from our point of view a preposterous suggestion and I simply ignored it.

Q. When you say "from our point of view" whose point of view do you refer to?

A. Mine and Smith's and Mazerall's.

Q. Did you discuss that with them?

A. Yes, I did.

Q. With the three of them?

A. No.

Q. With whom?

A. With each one at one time or another and I discussed the question of expenses.

Q. Tell us what you said to them?

A. I told them that if they were involved in any expenses there was an offer for those expenses to be covered. Each one of them, however, said there was no such possibility of expenses, the question did not arise for them.

Q. From what you say I take it they did not want to take any money?

A. Correct.

Q. Either as a disbursement to cover expenses or otherwise?

A. That is correct.

Q. What was their motive to do what they did?

A. Their motives would be idealistic or political.

Q. What do you mean by political?

A. That they felt they were serving a valid political motive in doing this.

Q. What do you mean by political?

A. I cannot describe for them their motives.

Q. What do you understand they meant by political?

A. I used the word myself.

Q. What did you use the word for?

A. That certainly there would be some motivation for doing this type of work, and it would have to be one involving ideals.

Q. Party sympathy?

A. Yes, that would be fair.

Q. When we say "party" there is only one Party that is meant, the Communist Party?

A. That is correct.

Lieutenant-Colonel Rogov was apparently quite insistent in offering money to Lunan for his services. Lunan testified:—

A. It was frequently offered to me but I never took it.

Q. How did he offer you the money?

A. Well, he would ask me and sometimes actually offer it. That is, I could see it was money. He would try to persuade me to take it. He characterized it as expenses, but I never took it.

One purpose of the directors of the network in insisting on paying money, even relatively small sums, to recruits, would be to further the moral corruption of the Canadians caught "*in the net*" and thus to assist in their further "*development*".

Gouzenko testified that it was the general rule to pay agents, and to obtain a receipt signed by the agent:—

"They must have a receipt from the agent, and they must send a receipt to Moscow for the money. The agent always gives a receipt. Only a new agent never gives a receipt because they do not want to scare him in the first time."

Such receipts could, if necessary, presumably be used for blackmail purposes if the agent's enthusiasm for the cause should later wane. In the meantime, they facilitated orderly bookkeeping which Col. Zabotin's chiefs took very seriously.

Gouzenko stated that he, personally, did not normally see such receipts, and was unable to take any such receipts with him when he left the Embassy, "because these receipts are in the desk of Lt. Col. Motinov and then Rogov". Asked whether "before being sent to Moscow these receipts were kept in room 12 in the safe", i.e. in the office in the Embassy to which Gouzenko had access and where he worked, he replied: "No, they are kept at 14 Range Road."

Gouzenko testified however that he had seen certain receipts, including one signed by Eric Adams, early in 1945.

Canadians implicated in the espionage network seem to have been understandably more reticent when testifying before us regarding money, than on other aspects of the conspiracy, e.g. in this regard Mrs. Woikin replied as follows:—

Q. Did you ever receive any money from Sokolov for the work you were doing for him?

A. No, I didn't get money for it.

Q. Pardon?

A. I didn't get money for it.

Q. Did you get money?

Q. I am asking you whether you received money from Sokolov?

A. I received a gift one time: \$50.00.

Q. And that gift was in the nature of what?

A. It was money.

Q. It was \$50. you say?

A. Yes.

Where the Russian officials were not in direct communication with a Canadian agent, but used a senior Canadian agent as contact-man and go-between, the system was to pay to the contact-man a sum for transmission to the agent, as well as a sum for himself.

Thus Eric Adams paid Miss Willsher on one occasion the sum of \$25, as stated to us by Miss Willsher herself.

Similarly, at a fairly early stage Captain Lunan was instructed by Lt. Col. Rogov to broach the subject of payment to Durnford Smith, Professor Halperin and Mazerall. A written report dated 18th April, 1945, which Captain Lunan submitted to Rogov, contains the following:—

Bacon has given considerable thought to my original requests and has given me the material for the attached report. He offers to fill in any details that may be asked for if he can. I have not had the opportunity to ask him about payment.

This report, typewritten in English, was one of the documents brought before us by Gouzenko, from the secret files of Col. Zabotin.

Captain Lunan when shown this document testified that he had written this report and handed it to Rogov, whom he knew as *Jan*. In explanation of the sentence about money Lunan explained:—

“From time to time during my meetings with *Jan* he was very pressing in the matter of offering money for this work. I certainly did not want to accept money for other people unless they knew about it and I felt I should at least ask them about it.”

According to the documents from the Soviet Embassy, the original reticence of these new agents to accept money was successfully overcome, and money was paid to Captain Lunan for himself and for his three sub-agents, Durnford Smith, Professor Halperin, and Mazerall.

Thus a document in Russian, in the handwriting of Lt. Col. Motinov, headed “*Organizational Assignments for Research Group*”, contains a paragraph reading in translation as follows:—

**8. Money. To you Back \$100 *
Bagley \$30
Badeau \$30
Bacon \$30**

* Faint type indicates words crossed out in original documents.

This document contains notes made in the Embassy, *prior* to a meeting with Captain Lunan, regarding assignments and instructions to be given him at that meeting.

Similarly, however, there were notes kept in the Embassy, in a different notebook, made *after* each meeting with Lunan to record a summary of what took place at such meetings. These were headed "*Course of Meetings*". The reports of three such meetings record payment of money to Captain Lunan. The report on Rogov's third meeting with Lunan contains the following entry:—

Paid out	\$190
Itemized	Back: \$100
	Bacon: 30
	Badeau: 30
	Bagley: 30

The report on Rogov's fourth meeting with Lunan has an entry:—

Gave out: \$100 (present for the wife)

(Lunan's wife had just had a child, who was christened "Jan", which was the cover-name under which Lunan knew Lt. Col. Rogov).

The report on Rogov's seventh meeting with Lunan includes the entry:

Gave Back \$50.

That Durnford Smith was at first reluctant to accept payment from the Russians for the espionage activity on their behalf is shown by one of Lunan's typed reports which he delivered periodically to Lt. Col. Rogov. The passage in his report dated April 18, 1945, reads:—

Badeau was very disturbed when I brought up the subject of payment. I think he felt that it brought the subject of his work into a different (and more conspiratorial) focus. He was to think it over and let me know, but we have had no opportunity to meet since I was in Montreal in the interim. . . .

However, any doubt that Zabotin, Rogov and their Russian colleagues may have had regarding the financial as well as the previously established psychological corruptibility of Durnford Smith seems to have been dispelled later. An entry in the dossier kept in Russian at the Soviet Military Attaché's Office on Durnford Smith, in the records headed—"Course of Meetings", reports that at the first *direct* meeting between Smith and Rogov, arranged by Lunan on 5th of July, 1945, Rogov gave money to Smith. This entry reads as follows:—

COURSE OF MEETINGS

No. P.	No. P.	Substance of Meetings	Remarks
1.	5.7.45.	<p>The acquaintance meeting took place through Back. Makes a good impression. At the meeting behaved very cautiously, somewhat cowardly. Brought material for photographing on radio locators. Is desirous to work for us and promised to do everything possible.</p> <p>Lives in Hull in a separate suburb. Requested to do photographic work by himself and contact with Bagley. See details in telegram of 6.7.45.</p> <p>Handed out 100 dollars; he took the money readily.</p> <p>In the course of time he may become the head of a group.</p> <p>No regular meeting fixed, contact will be maintained through Back.</p> <p>Special assignment set forth (see annex).</p>	

The record of the fourth direct meeting between Rogov and Durnford Smith, dated 26th August, 1945, includes the statement:—

Gave out \$100.

Similarly the "*registration card*" kept in the Soviet Embassy on Captain Lunan, and pasted on the inside front cover of the dossier on Lunan, gives the agent's name, address, and other information. Under the mimeographed form heading "*Financial Conditions*" there is a typewritten entry, in Russian, as follows:—

Receives around \$200 a month. Needs material help occasionally.

The \$200 a month appears to refer to Captain Lunan's salary for his work in the Canadian Information Services.

The dossier prepared on Smith was also laid before us by Gouzenko. The "*Registration Card*", under the mimeographed heading "*Financial Conditions*", has the typed Russian entry:—

Weak, receives about 300 dollars a month. Needs periodic assistance.

The \$300 a month presumably refers to Durnford Smith's salary as an employee of the National Research Council of Canada, though it was an over-estimate.

Mazerall denied, throughout his testimony before us, that he had ever been offered any money, or ever accepted any, for his espionage services. His general demeanour before us seemed frank, and his denial on this point would seem consistent with the mental state in which the partial failure of his study-group "development" courses had left him, and particularly with the curious psychological compromise which he adopted when asked by his Communist superiors to transmit information. He stated before us, in defence of his actions, that he could have transmitted more important secret information than he did, and that he deliberately selected information which he knew would probably be declassified within a few months. The other evidence before us bears out this testimony. (See Section III. 3).

We therefore had to consider the possibility that Captain Lunan had retained for himself money given him by Rogov for transmission to Mazerall. Mazerall had no direct contact with a Russian.

Lunan also denied accepting any money from Rogov either for himself or for Mazerall, Halperin or Durnford Smith. Lunan is a much more sophisticated person than Mazerall, and his evidence on this particular point impressed us less than that of Mazerall.

With more senior agents, who had been longer "*in the net*" as the Russian "*Registration Card*" forms expressively term membership in the espionage network, the sums paid over appear to have been larger, and may have provided for persons at that advanced stage of political "development" the main motive for continued Fifth Column services.

Thus the selection of documents from the Soviet Embassy state that at least \$700 was paid to *Alek* (Alan Nunn May).

Cipher telegram number 244 of 1945 from *Grant* (Col. Zabotin) to *The Director* in Moscow, referring to arrangements made with May to contact another agent on a street in London, contains the sentence "*We handed over 500 dollars to him*". A handwritten Russian entry in one of the notebooks, signed by *Baxter* (Angelov) referring to a meeting where a sample of uranium 235 was delivered by Dr. May, states:—

**200 dollars Alek and 2 bottles of whiskey
handed over 12.4.45.**

Dr. Alan Nunn May admitted, when interrogated in London, receiving money "*in a bottle of whiskey*" from the agent to whom he transmitted

information on the atomic bomb, but stated that he could not remember how much. (See Section III. 13).

The dossier kept in Col. Zabotin's secret files on Sam Carr, the National Organizer of the "Labour-Progressive Party", has the same mimeographed form already referred to, headed "*Registration Card*". After the mimeographed heading "*6. Financial Conditions*" there is a typed entry reading:—

6. FINANCIAL CONDITIONS Financially secure, but takes money. It is necessary occasionally to help.

This dossier shows the payment to him of at least \$850 during a period in 1945, as well as a payment of \$3,000 to be used in bribing an official of the Passport Office of the Canadian Department of External Affairs (see Section V). Carr had asked \$5,000 for this latter purpose, but *The Director* in Moscow had replied that this was "*a fantastic sum*" and offered \$3,000 maximum. The false Canadian passport, wanted for a Soviet agent sent from Moscow and living in California, was in fact issued; so it is clear that Carr duly fulfilled his part of this bargain.

The documents also show that \$100 was paid at this time to Dr. Henry Harris, an optometrist in Toronto, who took disguised telephone calls from *Lamont* (Motinov) and *Brent* (Rogov), arranged surreptitious meetings on street corners and in his home between them and Carr, and otherwise acted as a go-between for the Russian leaders of this espionage ring and the National Organizer of the Labour-Progressive Party (Communist Party of Canada).

Similarly one of the Russian documents relating to Fred Rose, M.P., a member of the National Executive of the Labour-Progressive (Communist) Party, includes a direction about handing him six hundred dollars.

The documents also show that *The Director* in Moscow and Col. Zabotin's organization were prepared to consider spending relatively large sums of money as an *inducement* to co-operation in espionage or other illegal activities, where the prospective agents were not members of the Communist Party, and where the other motivation did not exist.

There is no evidence that the official in the Canadian Passport Office who at Carr's request falsified the records and issued a Canadian passport to the Soviet agent going under the name "Witczak", was a member or adherent to the Communist Party. Hence the provision, made on the authority of *The Director* in Moscow, of three thousand dollars to Carr for bribery.

Similarly, notes in Russian, typed and signed *Lamont* (Motinov) with "*I confirm—Grant*" added in the handwriting of Zabotin, and dated

5.11.44, deal with plans whereby it was hoped to induce *Jack* and *Dick*, two Colonels in the Headquarters of the Canadian Army, who were not in any sense Communist sympathizers, to work as espionage agents. These notes, dealing mainly with possible psychological methods of approach, contain, in a long list of information to be discreetly obtained about them, the following:—

- (d) **Financial conditions, inclinations toward establishing material security for his family (intentions to engage in business, to own a car, a home of his own and what hinders the fulfilment of this plan.)**

and also the following:—

- 4. **Program for future (ideological or financial requires to be determined).**

Another purpose for which Col. Zabotin was prepared at least to consider spending considerable sums of money was to assist in placing Canadians, already working with proved capacity as espionage agents, in positions where they could be most useful to the espionage network.

On August 25, 1945, Zabotin wired Moscow about a proposal put to him by Gerson, whereby the latter should open an office in Ottawa as consulting geological engineer. It was proposed that Zabotin should provide \$7,000 a year for the first two years or so for this office. Whether *The Director* in Moscow would have agreed to this proposal of Zabotin's is not known, as Gouzenko left the Embassy a few days after this telegram was sent.

Another illustration of the fact that Col. Zabotin and *The Director* were prepared to spend relatively large sums of money for agents, when this was considered necessary, is provided by several documents. These deal with relations between Col. Zabotin's organization and Pavlov's organization (N.K.V.D.) on the one hand, and a Germina Rabinowitch, upon whom we are reporting, on the other. The documents record, inter alia, a transfer of \$10,000 through Zabotin to this person, and the transmission by her of this sum through New York to the network in Europe in which she was interested.

Thus it is apparent that despite the relatively cheap method of inducing most new recruits to join the espionage network through non-monetary motivation courses provided by Communist study groups, nevertheless fairly substantial sums of money were in fact being paid out by Zabotin, particularly to senior agents.

b) The Development of Ideological Motivation

The evidence before us shows that in the great majority of cases the motivation was inextricably linked with courses of psychological development carried on under the guise of activities of a secret section of what is ostensibly a Canadian political movement, the Labour-Progressive Party (Communist Party of Canada); that these secret "development" courses are very much more widespread than the espionage network itself; and that the Canadian members of the espionage network themselves took an active part in directing and furthering such courses for other Canadians, which were calculated to allow them to draw suitably "developed" persons later into active participation and thus to expand the network itself.

It has been established for example that Sam Carr and Fred Rose, M.P., both Moscow-trained, not only designated Canadians for recruiting into the espionage ring, but took an active part with others in fostering the courses or study-groups wherein suitable motivation for espionage was gradually developed, thus broadening the base from which further recruiting was carried on, and in some cases was in fact undertaken by them, for the espionage network itself.

The Inquiry has revealed the names of a number of Canadians, employed in various Departments and Agencies of the Government, who while presumably quite ignorant of the espionage network and certainly innocent of implication in such illegal activities, were being subjected to "development" by the same means for use in the future.

For these reasons we are analysing with some care the question of motivation, and the highly organized methods employed to develop an appropriate moral and mental state among potential Canadian recruits before they are informed of what has been planned for them.

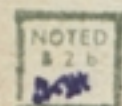
In virtually all cases, as has been stated, the agents were recruited from among "cells" or study groups of secret members or adherents of the Communist Party (Labour-Progressive Party).

It seems to be general policy of the Communist Party to discourage certain selected sympathizers among certain categories of the population from joining that political Party openly. Instead, these sympathizers are invited to join secret "cells" or study groups, and to take pains to keep their adherence to the Party from the knowledge of their acquaintances who are not also members of the Communist Party. The categories of the population from which secret members are recruited include students, scientific workers, teachers, office and business workers, persons engaged in any type of

administrative activity, and any group likely to obtain any type of government employment.

The reason suggested by some of the agents in their evidence for the curious practice of keeping their political affiliations secret was that by this means they would avoid unfavourable discrimination in obtaining positions. There were enough such cases to justify us in concluding that this practice is a Party technique, the real objectives and results of which seem to be quite different.

One objective, we conclude, is that this technique facilitates the achievement of a basic policy of the Communist Party, viz. to get control, through the election of secret members to the directing committees, of as many types of functional organizations as possible, including trade unions, professional associations and broad non-party organizations such as youth movements, and civil liberties unions. Similarly, secret members or adherents of the Communist Party may be used to take the lead in organizing new, broad, and ostensibly non-political organizations, after which they obtain for themselves and other secret adherents key positions on controlling committees of the organization. By these means the technique of secret membership is calculated to facilitate essentially dishonest but not ineffective methods of propaganda in the interests of a foreign state.



One illustration of the use of this technique is furnished by the Canadian Association of Scientific Workers. *Professor Boyer*, in whose house the informal meetings at which the establishment of the organization were held, became National President. *Norman Veall*, upon whom we are also reporting, told us that he "took an active part in the formation of the organization"; and that he became a member of the National Executive Committee, charged with maintaining liaison with corresponding organizations in other countries. There is evidence suggesting that he used this position as a cover in making contacts with members of the staff of the Soviet Embassy in Ottawa. *David Shugar* testified that he had been very active in organizing and extending the Association, and was elected a member of the Executive of the Ottawa Branch. In fact Veall and Shugar each showed an inclination to claim credit for founding the Association. *Mazerall* stated that the Association was something "*which people in the study-groups were interested in forming*".

In addition to Boyer, Veall, and Shugar, Dr. Alan Nunn May and Frank Chubb, both of whose names figure in the espionage notebooks of Colonel Zabotin, hold or have held official positions on the Association's executive

committees. Professor Boyer characterized the majority of other members of the executive as "LPP" i.e. Labour-Progressive Party or Communist) "or left-wing" in political ideology; though he stated that very few of the Association's large membership among scientists would share this political view.

The propaganda value of control of such an organization is illustrated by correspondence between Shugar and Boyer discussing whether Shugar or Veall should write an article in *The Scientist*, the Association's magazine, regarding plans for the control of atomic energy.

Control by the Communist Party over a broad organization such as the Canadian Association of Scientific Workers could be used in a variety of ways not only for propaganda purposes, but eventually as a base for recruiting adherents to that Party from among scientists, and in due course no doubt for recruiting additional espionage agents in key positions in the national life.

But there would appear to be a further basic object and result of this technique of secret membership of the Communist Party organized in secret "cells" or study-groups.

This object is to accustom the young Canadian adherent gradually to an atmosphere and an ethic of conspiracy. The general effect on the young man or woman over a period of time of *secret* meetings, *secret* acquaintances, and *secret* objectives, plans and policies, can easily be imagined. The technique seems calculated to develop the psychology of a double life and double standards.

To judge from much of the evidence, the secret adherent is apparently encouraged never to be honest or frank, outside the secret "cell" meetings, about his real political attitudes or views, and apparently is led to believe that frankness in these matters is the equivalent of dangerous indiscretion and a potential menace to the organization as a whole.

Thus in a preliminary report which Lunan wrote on March 28, 1945, to Lt. Col. Rogov, he referred to a "cell" or study-group in Ottawa to which Durnford Smith, Halperin, and Mazerall belonged, as follows:—

they already feel the need for maintaining a very high degree of security and taking abnormal precautions at their normal meetings (about once every two weeks), since they are definitely not labeled with any political affiliations. One or two have even opposed the introduction of new members to our group on the grounds that it would endanger their own security.

This describes precautions taken by this group *before* any of the members were asked to engage in espionage or other illegal activities.

Evidence that this technique of secrecy among Communist Party membership is favoured—if indeed it had not been inaugurated—by Moscow, is found in a telegram, dated 22nd August 1945, from *The Director* to Zabotin which reads in part:—

To Grant.

1. Your 243.

We have here no compromising data against Veal, nevertheless the fact that he has in his hands a letter of recommendation from a corporant who was arrested in England (which he did not take care to destroy) compels us to refuse to have any contact with him whatsoever, the more so that many already call him "a Red".

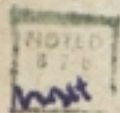
"Corporant" is a cover-name used for a member of any Communist Party except that of the U.S.S.R.

An inevitable result of this emphasis on a conspiratorial atmosphere and behaviour even in political discussions, correspondence, and meetings which are in themselves perfectly legal and indeed are the cherished right of everyone in a democratic society, would seem to be the gradual disintegration of normal moral principles such as frankness, honesty, integrity, and a respect for the sanctity of oaths.

We believe that this technique played a definite part in bringing persons such as Miss Willsher, Mazerall, Lunan, and others to a state of mind where they could disregard the moral obligations which they had undertaken in connection with their public duties.

A reading of the evidence before us, taken as a whole, indicates also that this technique seems calculated to affect gradually and unconsciously the secret adherent's attitude towards Canada. Often some of the agents seem to have begun their Communist associations through a burning desire to reform and improve Canadian society according to their lights. But one effect of prolonged habituation to conspiratorial methods and the conditions of secrecy in which these people work is to isolate them from the great mass of the Canadian people.

As the courses of study in the "cells" undermine gradually the loyalty of the young man or woman who joins them, it is necessary to say something as to the content of the courses pursued in them, as that is reflected by the evidence.



The curriculum includes the study of political and philosophic works, some of them far from superficial, selected to develop in the students an essentially critical attitude towards Western democratic society. This phase of the preparation also includes a series of discussions on current affairs, designed to further a critical attitude toward the ideals of democratic society.

But this curriculum would appear in reality to be designed not to promote social reform where it might be required, but to weaken the loyalty of the group member towards his or her own society as such.

Linked with these studies at all stages, moreover, goes an organized indoctrination calculated to create in the mind of the study-group member an essentially uncritical acceptance at its face value of the propaganda of a foreign state.

Accordingly the study-groups are encouraged to subscribe to Communist books and periodicals. The *Canadian Tribune* and *Clarion* of Toronto, *New Masses* (a periodical published in the United States), *National Affairs* of Toronto, and *Club Life*, have been among those mentioned as regular objects of study and discussion in these groups, as well as selected books on Russia.

In some cases the effect of these study courses seems to be a gradual development of a sense of divided loyalties, or in extreme cases of a transferred loyalty.

Thus it seems to happen that through these study-groups some adherents, who begin by feeling that Canadian society is not democratic or not equalitarian enough for their taste, are gradually led to transfer a part or most of their loyalties to another country, apparently without reference to whether that other country is in actual fact more or less democratic or equalitarian than Canada.

Indeed, a sense of internationalism seems in many cases to play a definite role in one stage of the courses. In these cases the Canadian sympathiser is first encouraged to develop a sense of loyalty, not directly to a foreign state, but to what he conceives to be an international ideal. This subjective internationalism is then usually linked almost inextricably through the indoctrination courses and the intensive exposure to the propaganda of a particular foreign state, with the current conception of the national interests of that foreign state and with the current doctrines and policies of Communist Parties throughout the world.

e.g. Professor Boyer stated that he gave secret information to Fred Rose despite the oath of secrecy which he had taken, believing that this step would further "international scientific collaboration".

Professor Boyer had not apparently enquired about the operations in practice of the various official organizations engaged in attempting to organize exchanges of military and other information with the Soviet Union, nor about the degree of reciprocity or relative balance developed in such official exchanges, nor about the relative merits of various possible methods of increasing international cooperation in scientific and other fields. His approach to the general question of increasing international scientific cooperation thus appears to us to have been relatively uninformed and unscientific, as well as singularly presumptuous and undemocratic in arrogating to himself by secret action the sole right of decision on such matters affecting all the people of Canada, the United Kingdom and the United States. His actions also involved a breach of oath. We see however no reason to doubt the sincerity of his motives as stated by himself. This sincerity was played on successfully by an unscrupulous and more sophisticated agent.

In Mazerall's case also, his desire to further international scientific collaboration was among the complex of emotions successfully played upon by those who brought him into the espionage network. Mazerall, whose testimony as to his motivation seems to us to have been frank and sincere, stated in evidence:—

A. At the same time I did not like the idea of supplying information. It was not put to me so much that I was supplying information to the Soviet Government, either. It was more that as scientists we were pooling information, and I actually asked him if we could hope to find this reciprocal.

Q. Did you ever have that experience?

A. I did not; no.

Q. Have you ever known of information of any kind being supplied by Russia?

A. Very little.

A further objective, pursued through the study-group, is gradually to inculcate in the secret membership of the Communist Party a habit of complete obedience to the dictates of senior members and officials of the Party hierarchy. This is apparently accomplished through a constant emphasis, in the indoctrination courses, on the importance of organization *as*

such, and by the gradual creation, in the mind of the new adherent or sympathiser, of an over-riding moral sense of "loyalty to the Party". This "loyalty to the Party" in due course takes the place in the member's mind of the earlier loyalty to certain principles professed by the Party propaganda.

In view of the rigidly hierarchic organization of the Communist Party, particularly in its secret sections, the concept of "loyalty to the party" means in practice, rigid obedience of adherents to those party members who are recognized as occupying a senior position in the hierarchy, and particularly to such persons as Carr, the National Organizer, and Rose, the Quebec organizer.

The indoctrination courses in the study groups are apparently calculated not only to inculcate a high degree of "loyalty to the Party" and "obedience to the Party", but to instill in the mind of the adherent the view that loyalty and obedience to the leadership of this organization takes precedence over his loyalty to Canada, entitles him to disregard his oaths of allegiance and secrecy, and thus destroys his integrity as a citizen.

The case of Kathleen Willsher offers a striking illustration of the uses to which this attitude of "party-loyalty" and obedience can be put by unscrupulous leaders, even when other aspects of the indoctrination courses have not been completely successful. She had joined a secret "cell" of the Communist Party and as early as 1935 agreed to give secret information, which she obtained from her work in the Office of the High Commissioner for the United Kingdom in Ottawa, to Mr. Fred Rose. She continued to do so regularly for four years. From 1942 to 1945 she gave similar information to Adams, whom she recognized as her superior in the secret section of the Communist Party. She told us that she was given to understand by Rose and by Adams that this information was for the guidance of the National Executive of the Communist Party of Canada.

She also said that when these requests, which she recognized were improper, were first put to her by Fred Rose, and later by Eric Adams, she had some struggle with her conscience, but that after a few weeks' hesitation she decided to comply because as a member of the Communist Party she felt that she was expected to do what she was asked regardless of any obligation which she might have in any other direction. Rose stated to her that such information would help the Communist Party in formulating its policies. She testified:—

"I felt that I should contrive to contribute something towards the helping of this policy, because I was very interested in it. I found it very difficult, and yet I felt I should try to help."

Miss Willsher's evidence, taken as a whole, shows that she felt her own position in the Communist Party to be a relatively humble one, that her one important contribution to the cause of the Party lay in the transmission of the secret information to which her official position gave her access, and that it was expected of her that she should not hesitate to make this information available on request to the Party leadership.

In many cases prolonged membership in the Communist Party seems to have resulted in a very high degree of discipline and to have induced a semi-military habit of largely unquestioning obedience to "orders" and "Party policy". Such habits, once developed, naturally made the task of the espionage recruiting agents, who are senior members of that Party, relatively simple.

It appears to be an established principle of at least the secret "cells" section of the Communist Party that rejection of "party orders" entails automatic resignation or expulsion from the party. This principle in itself assists in inducing obedience from members who might otherwise be inclined to waver, but who have become habituated over a period of months or years to membership.

Thus Mazerall, who was most reluctant to obey the request of Lunan to hand over secret information for Soviet agents, testified regarding the factors which caused him to comply:—

A. If I had told Lunan no, by the same token I would have turned around then and left the group; and although in a way I wanted to do that, that is I didn't like the group itself, nevertheless many of the things that they stood for I felt I concurred with.

Q. But I am still asking you, what was your obligation that you felt to deliver material to Lunan?

A. I don't know.

Q. It must have been something pretty strong that influenced you to do that, Mr. Mazerall, wasn't it?

A. I suppose so.

Q. What was it? It was not money, you say?

A. No. Well, just the whole background; what I have been trying to tell you.

Thus the leaders of the Fifth Column solved what would appear at first sight to be their most difficult problem—that of motivation, or finding capable and well-placed Canadians who would be willing to engage in espionage against Canada for a foreign power—by means of a widespread

system of propaganda and in particular by organizing a system of intensive study-groups. This system has been functioning for years, and was already a going concern used for espionage in 1935.

These groups have provided a large base of Canadians in various stages of carefully induced evolution—emotional, mental, and moral—from which base the leaders can recruit those who are considered adequately “developed” into expanding illegal networks for espionage or other purposes.

A further technical advantage, which this system has provided to the leading organizers of the espionage network, has been a surprising degree of security from detection. By concentrating their requests to assist in espionage within the membership of secret sections of the Communist Party, the leaders were apparently able to feel quite confident—and apparently with reason based on an experience in Canada over a period of at least eleven years—that even if the adherent or member should refuse to engage in activities so clearly illegal and which constitute so clear a betrayal of his or her own country—such adherent or member would in any case not consider denouncing the espionage recruiting agent to the Canadian public or to the Canadian authorities.

It is for example significant that when Rose first asked Kathleen Willsher, in 1935, to supply secret information to him, he did so, according to her testimony, at a regular meeting of her study group. Thereafter for four years she transmitted such information to him, orally, at the study-group meetings. While the conversations were private, Miss Willsher testified that no particular precautions were taken against being overheard “*as no one else would have been interested*”.

It is significant that not a single one of the several Canadians, members or adherents of the Communist Party (Labour-Progressive Party), who were approached by senior members of that Party to engage in espionage on behalf of the Soviet Union, reported this approach to the Agencies, Departments, or Armed Forces of Canada in which they were employed.

Not one even of those who have described, in evidence before us, serious hesitation and struggles with their consciences which they underwent before they agreed to act as spies against Canada, ever suggested to us that they contemplated taking the one loyal or legal course of action—i.e. reporting the criminal request to the Canadian authorities.

This is a striking illustration of the efficiency of the Communist study-groups in inducing a motivation for clearly illegal Party assignments directed against Canada.

What appears from the evidence to be the real purpose of the study-group or "cell" organization—as a wide and ever-expanding base for the recruiting, psychological development, and organization of a Fifth Column operating in the interests of a foreign power—would have been frustrated if rank and file members of these groups or junior adherents of the Communist Party of Canada had been aware of the real objectives and policies of Carr, the National Organizer, Rose, the Quebec Organizer, and the other senior members of the conspiracy.

The evidence we have heard shows that at each stage of "development" the adherent is kept in ignorance of the wider ramifications and real objectives of the organization, to one of the fringes of which he has allowed himself to be attached.

Indeed it appears from the evidence that some at least of the adherents recruited to study-groups are not told that these groups are in reality secret "cells" or units of the Communist Party; e.g. Mazerall testified that he was first invited by a friend to join an informal discussion group, and that he did not for a considerable period recognize that it was in reality a secret Communist "cell", although he later knew it to have been such.

Kathleen Willsher was first a member of a group discussing the "difference between socialism and communism" and after a few years joined a smaller secret group of Communists.

Any small study-group, however called, which will allow more experienced Communists to influence and simultaneously to study the psychological development of potential "recruits" will do in the early stages of the new recruit's "development".

Participation of secret Communists in genuinely informal small discussion groups appears to be one of the methods used to attempt to develop some or all of the other participants and gradually draw them into more specifically Communist groups, if possible by turning the earlier informal body into such a unit without the full, immediate realization by all the other participants of the metamorphosis. Alternatively, persons considered suitable for "development" can be designated to cell leaders and then invited to join the cell instead of continuing with the broader group.

The extent of the secret section of the Communist Party is not normally disclosed at any time to the junior members of the secret groups, who know only the four or five other members of their own group. The leader of each such group, who attends secret meetings of five or six such group leaders, will know them plus the secret "chairman" of these meetings; e.g. Mazerall, as representative of his own secret group, attended also the

meetings of group leaders, at the home of Miss Agatha Chapman, the chairman of a group of group leaders in Ottawa. Here he met Benning and others.

However, over a period of time secret members will get to know many others through joint participation in various "front organizations" and otherwise, though they may not know the extent of their "development" unless designated to work with them for some purpose of the Party leaders.

It is, apparently, not the present practice for secret members of the Party to fill out any membership forms, or sign any declaration, or to be given any membership cards. This relatively loose system obviously assists in maintaining the secrecy of the organization. But it appears also to play a role in the expansion of the organization, since at each stage of his "development" the adherent is allowed to feel that he is still politically independent and merely assisting in the general activities of the movement without taking at any time, what he might consider to be a specific and binding step to acquire or ratify definite membership. This technique allows the development courses to proceed and to have their gradual effect on the adherent without raising any unnecessary resistance in the adherent's mind to any specific stage of early development.

Thus even Boyer, Mazerall, and Lunan, the last-named an active espionage recruiting agent, apparently felt that they had not allowed themselves to become full members of the Communist Party, though they had paid "dues" for years, because they had at no time signed membership documents or taken out membership cards.

Boyer, who stated that he joined a Communist study-group in 1939, said when asked to explain his relations with the Communist Party:—

A. I have worked in organizations in which there were Communists and in which I knew there were Communists, and I have worked very closely with Communists, but I have never held a party card or paid dues, etc.

Q. Have you ever made contributions to the work of the Communist Party?

A. I made contributions.

Q. Financial contributions?

A. Yes.

Apparently at each stage of "development" the adherent is carefully kept from an appreciation of the nature of tasks likely to be assigned to him when he is considered adequately "developed" for the next stage.

Apparently also many even among relatively senior and "developed" secret members of the Communist Party are kept unaware of the nature and existence of specifically illegal activities, directed against Canada, which are carried on by a section of the organization which they support. Indeed, most persons actively engaged in such illegal activities are apparently given to understand that their activities are exceptional, and are kept quite unaware of the extent to which they have been carried on by top leaders such as Sam Carr and Fred Rose. In view of the "leader-principle", that is, the established principle of obedience to higher Party authorities, such unawareness among most members of the organization would not hinder the organization's efficiency for Fifth Column purposes.

For example Lunan, who undertook, after designation by Rose, to organize a group of espionage agents, was given to understand that the only persons engaged in this illegal activity would be himself, the three Canadian scientists whose espionage activities he directed, and Rogov of the Soviet Embassy. In testifying before us as to his motivation, which he stated was directly linked with his political ideology, he said:—

"I would also like to say that I had no idea of the scope and extent of this work. I was amazed when it first became clear to me during my interrogation. I never thought of myself as being more than one person in a small group of five people.

"I do not offer this in any sense as an excuse for my work but I was striving to square myself with my ideals without a full knowledge of the position in which I really found myself."

Boyer, Willsher and other active participants also assured us that they were not informed of the extent of the espionage organization in which they were invited, and had agreed, to take part.

Lunan, in his first report to Jan (Lt. Col. Rogov) dated March 28, 1945, stated that he intended to pursue a similar technique with Durnford Smith and Mazerall, gradually drawing them into the illegal network without at first revealing to them even his own limited knowledge of the true nature and extent of the conspiracy. His first written report states *inter alia*:—

. . . With the exception of Bacon [*i.e.* Professor Halperin†], who is enthusiastic and politically experienced, it would be unwise to approach them point blank with all the tasks assigned. . . . I therefore believe it wise to approach them carefully and not to advance too great an assignment to them at one time.

†Our insertion.

Also, for the time being, not to characterize the work for what it is, but merely to let it be understood that it is work of a special conspiratorial nature, without mentioning my connection with you. . . .

Apparently only persons of top rank in the Communist Party hierarchy, such as Carr, the National Organizer of the Labour-Progressive Party, and Rose, the Quebec Organizer, were allowed to have any adequate picture of the real scope, nature and objectives of the organization which they directed.

Regarding the original attraction of Canadians to the "development" courses or study-group organizations, it is difficult to speak with certainty. The appeal naturally varied greatly with each individual. In some cases it lay apparently in the highly systematized metaphysical concepts used by the Communist Party in its propaganda directed to certain types of "intellectuals" and students. Thus Durnford Smith, when asked what it was that attracted him to the movement, replied: "*the logic of it*".

A factor which appears to have played a part in first attracting at least one of the Canadian espionage agents whose evidence we have heard, was the belief that through these study groups he could fight against the social evils of anti-semitism and racial intolerance. Gerson said:—

"I consider myself as a second-class Canadian—not as a first-class Canadian. That is not a laughing matter, Mr. Commissioner; it is very serious".

He elucidated this point:—

Q. You have been speaking about Communism and you also mentioned Fascism. What is your idea, of the difference, if any, between Communism and Fascism?

A. Well, my idea is that it would be based on a question of anti-Semitism.

Q. I see.

A. You see, we were very active at that time. There was the danger of Hitler; we realized it. The Doctor and his wife were over in Germany in 1931; he went to University there and we realized it.

Q. What doctor?

A. Dr. Gottlieb; that is the [husband of the] sister of the Schlein family. We realized what was going to happen. We saw what happened in Montreal and Kirkland Lake where people were parading in blue shirts and sticking signs in windows and we felt we should do something about it . . . I mean it was from that; it was not from

an economic point of view. It was from the point of view of self-preservation. We figured that if we were considered as good Canadians here a law should be passed to make that illegal.

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The evidence before us strongly suggests that anti-semitism and the natural reaction of persons of Jewish origin to racial discrimination, was one of the factors played upon by the Communist recruiting agents. It is significant that a number of the documents from the Russian Embassy specifically note "Jew" or "Jewess" in entries on their relevant Canadian agents or prospective agents, showing that the Russian Fifth Column leaders attached particular significance to this matter.

In some cases a desire for companionship and intellectual discussion may have played its part. With certain persons there is apparently an emotional appeal and glamour, as it were a sense of adventure, inherent in the conspiratorial methods and purposive activity of the groups. With more sophisticated persons, fascination by what may appear to them to be the efficiency of the unusual and essentially totalitarian system of Party organization through pyramiding cells may offer an attractive appeal.

In the vast majority of cases, one important element in the original appeal would seem to have been propaganda carried out by the Communist Party for various measures of "social reform" in Canada. The policy of carrying on propaganda for various domestic measures which in themselves are calculated to appeal to a substantial section of the Canadian people, has obviously served two important objectives of the leaders of the Fifth Column.

In the first place, by associating such domestic propaganda, in the minds of as many people as possible, with the external propaganda of a particular foreign state, this policy serves in itself to "carry", by implication, that foreign state's propaganda. This is a common and very effective non-rational technique of modern advertising. An obvious commercial example is the use of a pretty face in advertisements for cigarettes.

Secondly, such domestic propaganda has unquestionably played an important part in recruiting Canadians for the "development" courses calculated eventually to make these Canadians instruments for more sinister and illegal Fifth Column purposes.

By these means, a number of young Canadians, public servants and others, who begin with a desire to advance causes which they consider worthy, have been induced into joining study groups of the Communist Party. They are persuaded to keep this adherence secret. They have then

been led step by step along the ingenious psychological development courses we have outlined, until under the influence of sophisticated and unscrupulous leaders they have been persuaded to engage in illegal activities directed against the safety and interests of their own society.

Essentially what has happened is the transplanting of a conspiratorial technique, which was first developed in less fortunate countries to promote an underground struggle against tyranny, to a democratic society where it is singularly inappropriate.

SECTION II. 7

LIST OF IDENTIFIED AGENTS IN CANADA

As a result of these activities, Colonel Zabotin, with the assistance of Carr (cover-names *Sam* and *Frank*) and Rose (cover-names *Fred* and *Debouz*), recruited the following agents who have been identified. Most of these were given cover-names as indicated below:—

Gordon Lunan (*Back*)
 Durnford Smith (*Badeau*)
 Ned Mazerall (*Bagley*)
 Israel Halperin (*Bacon*)
 F. W. Poland
 Eric Adams (*Ernst*)
 Kathleen Willsher (*Ellie*) (*Elli*)
 M. S. Nightingale (*Leader*)
 David Shugar (*Prometheus*)
 H. S. Gerson (*Gray*)
 Samuel Sol Burman
 Raymond Boyer (*The Professor*)
 J. S. Benning (*Foster*)
 Allan Nunn May (*Alek*)
 Agatha Chapman
 Freda Linton (*Freda*)
 Emma Woikin (*Nora*)

The following members of the staff of the Soviet Embassy in Ottawa have been identified by both oral and documentary evidence as having been active, at one time or another since the establishment of the Embassy in 1942, in directing under-cover espionage operations in Canada:—

**List of Members of Soviet Embassy Staff who engaged
in Espionage Activities**

NAME	OFFICIAL POSITION
Vitali G. Pavlov	Second Secretary of Embassy
Colonel Zabotin	Military Attaché
<u>Ivan I. Krotov</u>	<u>Commercial Counsellor</u> P.F. 150, 058
Lt. Col. Motinov	Assistant Military Attaché
Lt. Col. (formerly Major) Rogov	Assistant Military Attaché. (Air)
Sergei Koudriavtzev	First Secretary of Embassy

NAME	OFFICIAL POSITION
Major Sokolov	Staff of Commercial Counsellor
Mrs. Sokolov	Wife of Major Sokolov
Zheveinov	TASS correspondent
<u>Major Romanov</u>	<u>Secretary of Military Attaché</u>
Lieut. Angelov	Staff of Military Attaché
<u>Lieut. Levin</u>	<u>Interpreter</u>
<u>Captain Galkin</u>	<u>A door-guard</u>
Lieut. Gouseev	<u>A door-guard</u>
Captain Gourshkov	A chauffeur
Lieut. Koulakoff	Clerk
A. N. Farafontov	Clerk

SECTION II. 8

THE SOVIET AMBASSADOR HAD NO PART
IN THE INADMISSABLE ACTIVITIES

The evidence before us is that these members of the Embassy, who were engaged in improper and inadmissible activities, operated in special sections of the Embassy the operations of which were quite distinct from the official and legitimate activities of the Soviet Embassy, and that the Soviet Ambassador, representing in Canada the Government of the Union of Soviet Socialist Republics, had no part in them.

Thus Gouzenko has testified before us that the Soviet Ambassador had no right of access to the secret rooms in the special wing on the second floor of the Embassy. Moreover, according to Gouzenko, the Soviet Ambassador had no right of access to the secret telegrams sent to and received from Moscow by Zabotin, Pavlov and Goussarov, the heads of the military espionage, N.K.V.D., and "political system" sections respectively.

Two of the Russian documents placed before us by Gouzenko vividly illustrate the care that was taken by *The Director* in Moscow to keep Zabotin's activities secret from the Ambassador. Colonel Zabotin was reprimanded by Moscow for a slip which might have allowed the Ambassador to gain knowledge of Zabotin's espionage network. On 11th August, 1945, Zabotin telegraphed Moscow as follows:—

248

To the Director,

I was scolded for some kind of material which allegedly became known to metro. I beg you to advise me what material is concerned. I have informed the boss of metro on political, economic and military questions in accordance with instructions given to me by the chief director and by comrade [Malenkov]. The sources were never reported by me. Please instruct for the future. Am I to inform the ambassador on questions concerning Canada which are received from sources. It seems to me that the boss of metro should be the best informed person.

PP 68.902

Grant

11.8.45

("Metro" is a cover-name used by the espionage organization for the Soviet Embassy proper, and "the boss of metro" that used to refer to the Soviet Ambassador. "Grant" is the cover-name of Col. Zabotin).

Moscow replied as follows:—

12200
24.8.45

To Grant

Reference No. 248.

1. In Telegram No. 8267 of June 20th you were given instructions on the inadmissibility of disclosing our agency network to the Ambassador.

The handing over to the Ambassador by you of the Wilgress report of 3.11.44 concerning financial credits to ensure trade between the U.S.S.R. and Great Britain after the war, in the very form in which it was received, has uncovered the existence of our source on the object of ELLI.

Furthermore, the translator of the embassy got acquainted with the document inasmuch as the document was in the local language.

2. With regard to urgent political and economic questions affecting the mutual relations of Canada and Great Britain with the U.S.S.R., you must keep the Embassy informed, but indicate only that the source is authentic, without revealing to him either the source itself or the places from which the information was obtained.
3. The information should be handed over after it has been already prepared to this effect, deleting all passages which might disclose the secret source.
4. All questions on which you are informing the Ambassador you are under obligation to bring to my attention in the comments to your informational reports.

Director
21.8

Grant
25.8.45.

SECTION II. 9

CONCLUSION

As to the information sought by the networks, we are unable to report with any degree of conclusiveness. We have seen only the small selection of Zabotin's espionage documents which Gouzenko was able to collect immediately before he left the Embassy; among these the telegrams, in which *The Director* listed his instructions, were all dated within the last week in July and the month of August 1945. The Military Intelligence network had been functioning at least since mid-1942.

Moreover the documents outline only the work of the espionage system headed in Canada by Colonel Zabotin, although the evidence discloses the existence of other parallel networks, some at least of which have been functioning for many years.

The evidence we have shows that Zabotin's organization was particularly anxious to obtain technical information regarding devices which would be used in the post-war defences of Canada, the United Kingdom and the United States; secret information regarding political plans and policies of these countries; economic information which would be useful in assessing the economic and military potential of Canada; details regarding the location of Canadian defence industries; information on certain telephone land-lines and tapping devices; and documents which could be used by Russian agents "planted" in Canada or elsewhere, plus information whereby such agents could enter Canada and acquire a base of operations here.

The following selection of extracts from the documents illustrates the variety of subjects on which material was sought:—

Supplement to No. 11923

N 11931

22.8.45

To Grant

Take measures to organize acquisition of documentary materials on the atomic bomb!

The technical process, drawings, calculations.

Grant
22.8.45.

Director,
22.8.45.

. . . Try to get from him before departure detailed information on the progress of the work on Uranium. . . .

. . . Badeau asks for permission to change to work on uranium. There is a possibility either by being invited or by applying himself, but he warned that they are very careful in the selection of workers and that they are under strict observation. . . .

ASSIGNMENT No. _____

Assigned personally 25.8.45

1. Answer last letter regarding the new radio tubes, radio-locators (both for $\Lambda = 1, 2, 3$ cm) and the other questions indicated in that letter.
2. Try to find out any particulars about the "Electron Shells".
3. For the next time bring the following books: LG 13853; GL 14017 and P(RAD) 13920.

P.S.—burn after reading.

ASSIGNMENT No. 2

Assigned 6.7.45 directly . . .

1. To give the basic description of the features of the contrivance transmitting and receiving radio tubes for $\Lambda = 3$ and $\Lambda = 1$ cm. and their technical manufacture.
2. The same with respect to tube "4j-33".
3. New work in the field of radio locators for anti-aircraft artillery and aeroplanes with $\Lambda = 3$ and $\Lambda = 1$ cm.
4. What are the features of the "T-R Switch" on wave $\Lambda = 3$ cm and $\Lambda = 1$ cm.
5. The types of radio antennae for $\Lambda = 3$ and $\Lambda = 1$ cm.
6. What are they engaged in on the second floor at the "Boyd Station", there is a supposition that they study infra-red rays and develop cm. radio installations.
7. To give a more detailed technical description of "an/aps-10".
8. According to the latest literature indicate each graph (?) in it.

Remarks:

1. As the opportunity arises, to obtain samples of the radio tubes.

2. Also to give us documentary material for photographing.
3. If there is no opportunity in fulfilling certain requests, no special activity to be displayed.
4. After reading this material burn it.

TASK No. 1

Badeau: 1. In the month of June 1945 the Military Air Force of Canada jointly with the photographic Research Committee and also with the Optics Section of National Research Council, conducted tests of the new photo bomb (photo flash bombs bursting) of 750 million candle power, and of special lenses for aerial-photography by night.

It is desired to have on these questions the following information:—

Assigned
on 5.7.45

- a. What is the composition with which the photo bomb is filled and as much as possible write out its formula.
- b. c. What is the surface area lit up by the flare of this bomb and the duration of its flare.
- d. The maximum height from which it is possible to carry out practical photographing by means of this bomb.
- e. What are the features of the new photo-lenses and what are their basic technical data (focus, light power etc.).
- f. What is the organization of the Photographic Research Committee and who are its directors.
2. What new jobs are being conducted by the Photographic Research Committee in the sphere of altitude aerial-photography and in colour aerial photography and photographing through the clouds by means of infra-red rays.

Give the newest types of aerial-photo apparatuses used by the R.C.A.F. and by the R.A.F. and their basic data:—

- a. The type of the apparatus (the brand).
- b. The maximum height of photographing.
- c. The number of adapters and the size of the photographs.

* Faint type indicates words crossed out in original documents.

- * d. The methods of itinerary and level photographing.
- e. The types of lenses, their light power and the focal distances.
- * 1. Tactical and technical facts of the naval and coastal hydro-~~phonic~~ acoustic stations working in ultra-sound diapason. Common review on the "Caproni"s stability of the U.S.A. and Great Britain.
- 2. Stability, type of "Asdic" which is used in a new submarines and other ships.
- 3. Sets of the "Sonar"s type, working on the radio direction finding principle so-called hydro direction location finding sets.
- * 4. Situation of hydrophonic sets in the ships of different classes.
- 5. Plants, workshops, Scientific Research Institutes and laboratories in England and in the U.S.A. which are making and planning the hydrophonic apparatus.
- 6. Passing of the planning and the test of examples of new types of the hydrophonic apparatus.
- 7. Knowledge of the battle utilization of the hydrophonic means.

To the Director,

266

We have received from Badeau 17 top secret and secret documents (English, American and Canadian) on the question of magnicoustics, radio-locators for field artillery; three secret scientific-research journals of the year 1945. Altogether about 700 pages. In the course of the day we were able to photograph all the documents with the help of the Lecia and the photo-filter. In the next few days we will receive almost the same amount of documents for 3 to 5 hours and with one film we will not be able to cope with it. I consider it essential to examine the whole library of the scientific Research Council.

Your silence on my No. 256 may disrupt our work on photographing the materials. All the materials I am sending by regular courier.

27.8.45

Grant

* Faint type indicates words crossed out in original documents.

N 11273

11.8.45.

To Grant.

It is very important to receive information on the following questions:—

- (a) To confirm the official data about the transfer of American troops from Europe to the USA and to the Pacific, also the headquarters of the 9th army, 3, 5, 7, 13 armoured Corps, 18 ADK, 2, 4, 8, 28, 30, 44, 45, 104th Infantry Divisions and 13th Tank Division. To establish the dates of their transfer.
- (b) Dislocation of the headquarters of the 8, 16 Armoured Corps, 29, (75), 89th Infantry Divisions, 10th Tank Divisions, 13th and 17th ADD. Also about the dislocation of the Brazilian Infantry Division.
- (c) Are the 6th and 12th Army Groups in Europe, what is their composition and their dislocation, the dates and direction of their transfer.
- (d) Has there been organized a headquarters of the American occupation forces in Germany, its location, who was appointed as its Commander.
- (e) The dislocation of the First Air Borne Army, the plans for its future use.

Hurry.

8.8. The Director.

Grant

11.8.45

To make known to Brent

11295

14.8.45

To Grant.

In the mail of 23.8.1944 were received from you Gray's two materials—the monthly reports on the research of separate technical questions in the field of production of war supplies. On the basis of the short and fragmentary data it is impossible to judge the methods and work of the Canadian and English industry of war supplies, powders and chemical materials.

It is desired to obtain the following information:—

- * 1. ~~37~~ methods ~~2507~~ and technical processes of the production of war supplies, VV and powders.
2. Deciphering of laminated BB, the production of T. H. and H. S. (composition, purpose, technology and specific qualities).
3. The application of picrate and nitrate-gushnidina. I repeat: picrate and nitro-gushnidina.
4. The technique of producing detonating capsules and igniting capsules. Wire to whom do you consider it possible to give this task.

* If Bacon still continues to work in the Artillery Command, Committee, this task should be assigned to him.

9.8.45 Director.

Grant

14.8.45

ASSIGNMENT NO. 3 of "1.8.45"

1. Requirements which a person living as an "illegal" must meet (nationality, citizenship, occupations, education, knowledge of languages, family and financial conditions etc.)
2. Ways of legalisation (organization of a commercial undertaking, joining a business firm as a partner, what kind of firm, joining as a member any office, joining the army as a volunteer, accepting employment.)
3. Documents which an "illegal" must possess (passport, different kinds of certificates, references, recommendation letters, etc.)
4. More expedient methods to slip into the country.
5. To provide for secure living quarters and financial means during the period when the "illegal" gets acquainted with the local set-up and conditions.
- * ~~The possibilities of attracting~~
6. To reveal the channels of influence of the English government on the foreign policy of Canada.
7. Conditions of entry into the country and of moving about in the country.
8. Conditions of adaptation and living in the country.
9. Methods of work of the counter-espionage. The organization of the Federal and provincial counter-espionage services.

* Faint type indicates words crossed out in original documents.

Supplement to No. 11438

11436

14.8.45

To Grant.

Reference No. 227.

1. There can be no further delay in obtaining the passport. Therefore the signature on the new application form should be made by Frank's man himself.
2. Prepare for the next regular mail a short report on the procedure of obtaining and putting into shape of passports and of the other documentation for our objectives, indicating exactly who on Frank's side will be engaging in this work.

10.8.45. Director.

Supplement: The pseudonym "Sam" has long ago been changed to "Frank". In the future use the latter.

10.8 Director

Grant

14.8.45

This list is not exhaustive, and other aims of Zabotin's network appear in various Sections of this Report.

Some of the objectives disclosed by the documents, such as lists of names, such as psychological and "political" reports, on the personnel of various sections of the Canadian Armed Forces Headquarters or of various Government Departments and Agencies, obviously refer to plans for further recruiting of agents. This subject is discussed in Section II. 5, above.

This Report shows that Zabotin successfully fulfilled many of the tasks assigned to him. His superiors in Moscow were obviously satisfied with his work in Canada, for in August, 1945, he was awarded two Orders or Decorations, the Order of the RED BANNER, and the Order of the RED STAR, which, as Gouzenko said, "are given for good organization work". The Chief of General Intelligence telegraphed Zabotin to congratulate him on these awards and added: "I wish you further success in your honourable work". Gouzenko said that when this message arrived Zabotin said to Rogov: "I have nothing to be afraid now to go to Moscow."

PF 603461

SECTION III. I

SAM CARR, Toronto.

Since January, 1937, Carr has been the Organizing Secretary of the Communist Party for all of Canada, except during a short time in 1938 when he was the Editor of the *Clarion*. On September 25, 1942, he was apprehended under *The Defence of Canada Regulations*, and upon making objection in pursuance of the machinery provided therefor by those regulations, his case was considered by an Advisory Committee which on October 5, 1942, made its report as to him in the following terms:—

IN THE MATTER OF THE DEFENCE OF CANADA
REGULATIONS

AND

IN THE MATTER OF SAM COHEN, alias Sam Carr,
D-935-94 RECOMMENDATION OF THE ADVISORY
COMMITTEE CONSISTING OF

Judge Roland Millar, Chairman,
Prof. C. N. Cochrane, of Toronto,
A. S. Simpson, Esq., of Winnipeg.

This detenu, whose proper name is Schmil Kogan, was born at Tomachpol, Russian Ukraine, on July 7th, 1906, and landed in Canada on August the 29th, 1924. He went first to Regina and worked as a harvester and labourer. In 1925 he came from Winnipeg to Montreal where, under the name of Sam Cohen, he joined the Young Communist League and became an organizer for it. In 1927 he moved to Toronto and became a member of the Communist Party of Canada. In 1928 he was married to a Jewess (British subject). They have one son now eight years of age.

It is alleged that in 1929 the detenu went to Russia for a course of study at the Lenin Institute, Moscow. In 1931 he was appointed Organizing Secretary of the Communist Party and became naturalized on June 23rd of that year. He was convicted at Toronto, in November, 1931, on three charges laid under *Section 98 (Criminal Code of Canada)* and sentenced to a total of ten years in Kingston penitentiary.